



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET ITEM NUMBER: C-01	BOARD MEETING: September 13, 2016	PROJECT NUMBER: E-019-16
EXEMPTION APPLICANT(S): The University of Chicago Medical Center, The Ingalls Memorial Hospital and Ingalls Health System		
FACILITY NAME and LOCATION: The Ingalls Memorial Hospital, Harvey, Illinois		

1. The Transaction

The applicants are proposing a change in control of The Ingalls Memorial Hospital, One Ingalls Drive, Harvey, Illinois. The applicants are The University of Chicago Medical Center, 5841 South Maryland Avenue, Chicago, Illinois, The Ingalls Memorial Hospital and The Ingalls Health System, One Ingalls Drive, Harvey, Illinois. The operating entity licensee and the owner of the building will be The Ingalls Memorial Hospital. There is no monetary consideration being exchanged between the parties as part of the transaction.

The proposed transaction involves Ingalls Health System affiliating with The University of Chicago Medical Center. Currently Ingalls Health System is the sole corporate member of The Ingalls Memorial Hospital. Should the State Board approve this transaction, The University of Chicago Medical Center will become the sole corporate member of Ingalls Health System. Ingalls Health System would have representation on The University of Chicago Medical Center's Board of Directors. No new corporate entity will be formed as part of this transaction; however, after the closing Ingalls Health System will change its name to "UCM Community Health & Hospital Division, Inc."

The University of Chicago Medical Center ("UCMC") is an academic medical institution. Located on Chicago's South side, UCMC is a 805 bed hospital that operates under one license the Center for Care and Discovery, the Bernard Mitchell Hospital, The Chicago Lying-In-Hospital, the University of Chicago Comer Children's Hospital, and the Duchossois Center for Advanced Medicine.

Ingalls Health System is a regional health system consisting of The Ingalls Memorial Hospital and a network of comprehensive outpatient facilities, including Ingalls Same Day Surgery Center. The Ingalls Memorial Hospital is a 485 bed acute care hospital in Harvey, Illinois. Ingalls Same Day Surgery Center located in Tinley Park is a multi-specialty facility with four (4) operating rooms, twelve (12) stage one recovery stations, and four (4) stage 2 recovery stations.

The proposed transaction between The University of Chicago Medical Center and Ingalls Health System will improve the value of health care in both service areas through economies of scale and corresponding financial savings, and by enabling the parties to more effectively implement new payment models, such as risk contracting and bundled payments. The applicants affirm that Ingalls Hospital will not adopt a more restrictive charity care policy than the policy in effect one year prior to the transaction

2. Public Hearing

A public hearing was held on August 25, 2016. A total of eighty four (84) individuals were in attendance. Of these eighty four (84) individuals fifty three (53) individuals were in support and one (1) individual was in opposition. Thirty (30) individuals did not express a preference. State Board Member John McGlasson represented the State Board. Courtney Avery was the hearing officer.

3. 20 ILCS 3960/6 (b) - Application for permit or exemption; exemption regulations.

An exemption for a change of ownership shall be approved when all information required by the State Board by rule is submitted.

The applicants have provided all of the information required by the State Board for a change of ownership.

<u>Ownership, Management and General Information</u>				<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Kurt Johnson			White	33.9%	Hispanic or Latino:	4.2%
ADMINSTRATOR PHONE	708-915-6101			Black	63.9%	Not Hispanic or Latino:	93.9%
OWNERSHIP:	INGALLS MEMORIAL HOSPITAL			American Indian	0.1%	Unknown:	1.9%
OPERATOR:	INGALLS MEMORIAL HOSPITAL			Asian	0.2%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R			Hawaiian/ Pacific	0.0%	IDPH Number:	1099
CERTIFICATION:	None			Unknown	1.9%	HPA	A-04
FACILITY DESIGNATION:	General Hospital					HSA	7
ADDRESS	One Ingalls Drive						
		CITY:	Harvey	COUNTY:	Suburban Cook County		

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2014	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	298	170	161	8,681	36,034	6,271	4.9	115.9	38.9	68.2
0-14 Years				0	0					
15-44 Years				2,585	9,205					
45-64 Years				2,782	11,013					
65-74 Years				1,419	6,375					
75 Years +				1,895	9,441					
Pediatric	17	12	7	247	623	500	4.5	3.1	18.1	25.6
Intensive Care	25	18	18	1,318	3,913	53	3.0	10.9	43.5	60.4
Direct Admission				1,014	2,827					
Transfers				304	1,086					
Obstetric/Gynecology	21	20	14	1,413	3,808	69	2.7	10.6	50.6	53.1
Maternity				1,065	2,621					
Clean Gynecology				348	1,187					
Neonatal	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	78	78	63	2,490	17,736	0	7.1	48.6	62.3	62.3
Rehabilitation	46	48	32	609	7,921	0	13.0	21.7	47.2	45.2
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	0					0				
Facility Utilization	485			14,454	70,035	6,893	5.3	210.8	43.5	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	38.2%	29.3%	0.0%	18.9%	2.0%	11.6%	
	5516	4242	0	2739	287	1670	14,454
Outpatients	30.5%	22.1%	0.0%	38.0%	3.6%	5.6%	
	114929	83285	0	143135	13662	21208	376,219
<u>Inpatient and Outpatient Net Revenue by Payor Source</u>							
<u>Financial Year Reported:</u>	10/1/2013 to	9/30/2014					
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals	Charity Care Expense
Inpatient Revenue (\$)	54.7%	20.5%	0.0%	24.5%	0.3%	100.0%	
	65,376,357	24,539,200	0	29,294,973	346,318	119,556,848	2,372,830
Outpatient Revenue (\$)	23.2%	9.8%	0.0%	64.0%	2.9%	100.0%	
	41,964,873	17,729,645	0	115,693,925	5,269,075	180,657,518	5,886,353
							Total Charity Care Expense 8,259,183
							Total Charity Care as % of Net Revenue
							2.8%

<u>Birth Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	998		Level I	Level II	Level II+	Kidney:	0
Number of Live Births:	988		Beds	7	1	Heart:	0
Birth Rooms:	0		Patient Days	2,414	486	Lung:	0
Labor Rooms:	0		Total Newborn Patient Days		4,026	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	0
Labor-Delivery-Recovery Rooms:	0					Liver:	0
Labor-Delivery-Recovery-Postpartum Rooms:	29		Inpatient Studies		422,321	Total:	0
C-Section Rooms:	2		Outpatient Studies		885,791		
CSections Performed:	281		Studies Performed Under Contract		20,951		

Surgery and Operating Room Utilization

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	1	1	44	0	272	0	272	6.2	0.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	0	0	7	7	987	1149	1398	1227	2625	1.4	1.1
Gastroenterology	0	0	0	0	40	10	42	9	51	1.1	0.9
Neurology	0	0	0	0	289	76	1019	122	1141	3.5	1.6
OB/Gynecology	0	0	0	0	230	334	389	236	625	1.7	0.7
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	0	0	2	373	3	556	559	1.5	1.5
Orthopedic	0	0	0	0	841	1347	1920	1898	3818	2.3	1.4
Otolaryngology	0	0	0	0	53	160	98	208	306	1.8	1.3
Plastic Surgery	0	0	0	0	14	18	45	52	97	3.2	2.9
Podiatry	0	0	0	0	0	0	0	0	0	0.0	0.0
Thoracic	0	0	0	0	47	28	94	40	134	2.0	1.4
Urology	0	0	1	1	200	399	256	415	671	1.3	1.0
Totals	0	0	9	9	2747	3894	5536	4763	10299	2.0	1.2
<u>SURGICAL RECOVERY STATIONS</u>			Stage 1 Recovery Stations		9		Stage 2 Recovery Stations		36		

Dedicated and Non-Dedicated Procedure Room Utilization

<u>Procedure Type</u>	<u>Procedure Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	3	3	845	853	440	694	1134	0.5	0.8
Laser Eye Procedures	0	0	0	0	0	0	0	0	0	0.0	0.0
Pain Management	0	0	1	1	5	972	2	289	291	0.4	0.3
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<u>Multipurpose Non-Dedicated Rooms</u>											
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	No
Level of Trauma Service	Level 1
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	31
Persons Treated by Emergency Services:	46,275
Patients Admitted from Emergency:	8,635
Total ED Visits (Emergency+Trauma):	46,275

Free-Standing Emergency Center

Beds in Free-Standing Centers	
Patient Visits in Free-Standing Centers	
Hospital Admissions from Free-Standing Center	

Outpatient Service Data

Total Outpatient Visits	376,219
Outpatient Visits at the Hospital/ Campus:	192,986
Outpatient Visits Offsite/off campus	183,233

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	2
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	0

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	1,239
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	847
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	208
EP Catheterizations (15+)	184

Cardiac Surgery Data

Total Cardiac Surgery Cases:	34
Pediatric (0 - 14 Years):	0
Adult (15 Years and Older):	34
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	34

Diagnostic/Interventional Equipment**Examinations****Therapeutic Equipment****Therapies/****Owned Contract****Inpatient****Outpt****Contract****Owned Contract****Treatments**

General Radiography/Fluoroscopy	14	0	14,259	72,500	0	Lithotripsy	0	0	0
Nuclear Medicine	7	0	1,520	2,136	0	Linear Accelerator	3	0	227
Mammography	6	0	2	14,620	0	Image Guided Rad Therapy			11
Ultrasound	13	0	4,745	11,353	0	Intensity Modulated Rad Thrp			14
Angiography	2	0				High Dose Brachytherapy	1	0	12
Diagnostic Angiography			1,019	939	0	Proton Beam Therapy	0	0	0
Interventional Angiography			1,597	3,824	0	Gamma Knife	0	0	0
Positron Emission Tomography (PET)	1	0	0	325	0	Cyber knife	0	0	0
Computerized Axial Tomography (CAT)	7	0	5,724	25,680	0				
Magnetic Resonance Imaging	5	0	3,159	8,035	0				

<u>Ownership, Management and General Information</u>		<u>Patients by Race</u>		<u>Patients by Ethnicity</u>	
ADMINISTRATOR NAME:	Sharon O'Keefe	White	39.0%	Hispanic or Latino:	6.2%
ADMINSTRATOR PHONE	773-702-8908	Black	54.2%	Not Hispanic or Latino:	91.8%
OWNERSHIP:	The University of Chicago Medical Center	American Indian	0.2%	Unknown:	1.9%
OPERATOR:	The University of Chicago Medical Center	Asian	2.6%		
MANAGEMENT:	Not for Profit Corporation (Not Church-R	Hawaiian/ Pacific	0.1%	IDPH Number:	3897
CERTIFICATION:	None	Unknown	3.7%	HPA	A-03
FACILITY DESIGNATION:	General Hospital			HSA	6
ADDRESS	5841 South Maryland	CITY:	Chicago	COUNTY:	Suburban Cook (Chicago)

<u>Facility Utilization Data by Category of Service</u>										
<u>Clinical Service</u>	Authorized CON Beds 12/31/2014	Peak Beds Setup and Staffed	Peak Census	Admissions	Inpatient Days	Observation Days	Average Length of Stay	Average Daily Census	CON Occupancy Rate %	Staffed Bed Occupancy Rate %
Medical/Surgical	338	338	336	16,821	104,146	4,329	6.4	297.2	87.9	87.9
0-14 Years				2	4					
15-44 Years				3,941	24,092					
45-64 Years				7,070	43,677					
65-74 Years				3,261	20,937					
75 Years +				2,547	15,436					
Pediatric	60	61	58	2,805	14,185	1,366	5.5	42.6	71.0	69.8
Intensive Care	126	109	107	6,253	30,070	158	4.8	82.8	65.7	76.0
Direct Admission				4,321	18,656					
Transfers				1,932	11,414					
Obstetric/Gynecology	46	44	24	1,903	6,225	268	3.4	17.8	38.7	40.4
Maternity				1,903	6,225					
Clean Gynecology				0	0					
Neonatal	47	47	47	755	14,449	1	19.1	39.6	84.2	84.2
Long Term Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Swing Beds			0	0	0		0.0	0.0		
Acute Mental Illness	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Rehabilitation	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Long-Term Acute Care	0	0	0	0	0	0	0.0	0.0	0.0	0.0
Dedicated Observation	33					992				
Facility Utilization	617			26,605	169,075	7,114	6.6	482.7	78.2	

(Includes ICU Direct Admissions Only)

<u>Inpatients and Outpatients Served by Payor Source</u>							
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Charity Care	Totals
Inpatients	33.6%	28.9%	0.0%	35.0%	0.0%	2.4%	
	8948	7701	0	9306	2	648	26,605
Outpatients	31.6%	18.5%	0.0%	44.7%	0.1%	5.2%	
	163946	95827	0	231726	309	26848	518,656

<u>Financial Year Reported:</u>	7/1/2013 to	6/30/2014	<u>Inpatient and Outpatient Net Revenue by Payor Source</u>					<u>Charity Care Expense</u>	<u>Total Charity Care Expense</u>
	Medicare	Medicaid	Other Public	Private Insurance	Private Pay	Totals			
Inpatient Revenue (\$)	25.8%	22.5%	0.0%	51.5%	0.2%	100.0%			22,628,000
	202,186,000	176,140,000	0	402,984,000	1,478,000	782,788,000	9,770,000		
Outpatient Revenue (\$)	18.0%	9.8%	0.0%	71.7%	0.5%	100.0%			Total Charity Care as % of Net Revenue
	112,985,000	61,135,000	0	449,179,000	3,006,000	626,305,000	12,858,000		1.6%

<u>Birthing Data</u>			<u>Newborn Nursery Utilization</u>			<u>Organ Transplantation</u>	
Number of Total Births:	1,735		Level I	Level II	Level II+	Kidney:	70
Number of Live Births:	1,675		Beds	31	24	Heart:	35
Birthing Rooms:	0		Patient Days	2,425	5,373	Lung:	25
Labor Rooms:	0		Total Newborn Patient Days		7,798	Heart/Lung:	0
Delivery Rooms:	0					Pancreas:	3
Labor-Delivery-Recovery Rooms:	8					Liver:	29
Labor-Delivery-Recovery-Postpartum Rooms:	0		<u>Laboratory Studies</u>			Total:	162
C-Section Rooms:	3		Inpatient Studies		3,382,709		
CSections Performed:	512		Outpatient Studies		2,519,656		
			Studies Performed Under Contract		85,897		

Surgery and Operating Room Utilization

<u>Surgical Specialty</u>	<u>Operating Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Cardiovascular	0	0	1	1	600	1	4455	3	4458	7.4	3.0
Dermatology	0	0	0	0	0	0	0	0	0	0.0	0.0
General	25	7	0	32	4659	5703	16830	11480	28310	3.6	2.0
Gastroenterology	0	0	0	0	11	26	43	65	108	3.9	2.5
Neurology	0	0	0	0	967	240	4902	712	5614	5.1	3.0
OB/Gynecology	0	0	0	0	2011	1005	2852	2498	5350	1.4	2.5
Oral/Maxillofacial	0	0	0	0	0	0	0	0	0	0.0	0.0
Ophthalmology	0	0	0	0	11	903	25	1309	1334	2.3	1.4
Orthopedic	0	0	0	0	1440	2091	5501	4846	10347	3.8	2.3
Otolaryngology	0	0	0	0	571	1624	2337	3836	6173	4.1	2.4
Plastic Surgery	0	0	0	0	723	610	3941	1956	5897	5.5	3.2
Podiatry	0	0	0	0	0	0	0	0	0	0.0	0.0
Thoracic	0	0	0	0	348	119	1759	267	2026	5.1	2.2
Urology	0	1	0	1	1036	1357	4768	2423	7191	4.6	1.8
Totals	25	8	1	34	12377	13679	47413	29395	76808	3.8	2.1
<u>SURGICAL RECOVERY STATIONS</u>				Stage 1 Recovery Stations		77	Stage 2 Recovery Stations		0		

Dedicated and Non-Dedicated Procedure Room Utilization

<u>Procedure Type</u>	<u>Procedure Rooms</u>				<u>Surgical Cases</u>		<u>Surgical Hours</u>			<u>Hours per Case</u>	
	Inpatient	Outpatient	Combined	Total	Inpatient	Outpatient	Inpatient	Outpatient	Total Hours	Inpatient	Outpatient
Gastrointestinal	0	0	13	13	2687	11457	2025	8637	10662	0.8	0.8
Laser Eye Procedures	0	0	1	1	0	514	0	514	514	0.0	1.0
Pain Management	0	0	1	1	133	3640	66	1820	1886	0.5	0.5
Cystoscopy	0	0	0	0	0	0	0	0	0	0.0	0.0
<u>Multipurpose Non-Dedicated Rooms</u>											
C-sections	0	0	3	3	512	0	1280	0	1280	2.5	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0
	0	0	0	0	0	0	0	0	0	0.0	0.0

Emergency/Trauma Care

Certified Trauma Center	Yes
Level of Trauma Service	Level 1
	Pediatric
Operating Rooms Dedicated for Trauma Care	0
Number of Trauma Visits:	0
Patients Admitted from Trauma	0
Emergency Service Type:	Comprehensive
Number of Emergency Room Stations	63
Persons Treated by Emergency Services:	82,987
Patients Admitted from Emergency:	11,132
Total ED Visits (Emergency+Trauma):	82,987

Free-Standing Emergency Center

Beds in Free-Standing Centers	
Patient Visits in Free-Standing Centers	
Hospital Admissions from Free-Standing Center	

Outpatient Service Data

Total Outpatient Visits	518,656
Outpatient Visits at the Hospital/ Campus:	502,829
Outpatient Visits Offsite/off campus	15,827

Cardiac Catheterization Labs

Total Cath Labs (Dedicated+Nondedicated labs):	5
Cath Labs used for Angiography procedures	0
Dedicated Diagnostic Catheterization Lab	0
Dedicated Interventional Catheterization Labs	0
Dedicated EP Catheterization Labs	2

Cardiac Catheterization Utilization

Total Cardiac Cath Procedures:	4,955
Diagnostic Catheterizations (0-14)	0
Diagnostic Catheterizations (15+)	2,131
Interventional Catheterizations (0-14):	0
Interventional Catheterization (15+)	443
EP Catheterizations (15+)	2,381

Cardiac Surgery Data

Total Cardiac Surgery Cases:	637
Pediatric (0 - 14 Years):	32
Adult (15 Years and Older):	605
Coronary Artery Bypass Grafts (CABGs) performed of total Cardiac Cases :	105

Diagnostic/Interventional Equipment

	Owned		Contract	Inpatient	Outpt	Contract		Owned		Contract	Treatments
General Radiography/Fluoroscopy	20	0		59,006	61,327	0	Lithotripsy	0	0		0
Nuclear Medicine	7	0		737	3,907	0	Linear Accelerator	4	0		20,247
Mammography	6	0		192	24,780	0	Image Guided Rad Therapy				17,090
Ultrasound	17	0		10,388	23,394	0	Intensity Modulated Rad Thrp				11,261
Angiography	7	0					High Dose Brachytherapy	1	0		158
Diagnostic Angiography				3,166	5,841	0	Proton Beam Therapy	0	0		0
Interventional Angiography				5,097	9,465	0	Gamma Knife	0	0		0
Positron Emission Tomography (PET)	1	0		164	1,330	0	Cyber knife	0	0		0
Computerized Axial Tomography (CAT)	8	0		16,440	34,592	0					
Magnetic Resonance Imaging	7	0		5,323	15,865	0					

E-019-16 Ingalls Memorial Hospital - Harvey



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